



FIN 685 Milestone Two Guidelines and Rubric

The final project for this course is the creation of an analysis and recommendations paper that demonstrates what you have learned about risk management in a real-world context. You will research a publicly traded company of your choosing and analyze it as a potential investment opportunity.

Prompt: In this milestone, you will submit a draft of the Risk Analysis section (III) and the Risk Management Strategies section (IV) of the final project. You will analyze the different risks that the company faces and classify the risks (e.g., stand-alone risk, corporate risk, or market risk), which were discussed in Module One and more specifically in Module Five. You will also analyze the impact of these risks in regards to the company's internal and external environments. Lastly, you will recommend risk management strategies that minimize the risk and maximize the return for the company. For example, you might think about whether a company should reduce its use of debt or seek short-term or long-term financing options instead.

Specifically, the following **critical elements** must be addressed:

III. Risk Analysis

- a) What is a **specific risk** that you have identified as relevant to this company, its product(s), and its industry?
- b) As which **type** of risk would you classify it? In other words, is it considered stand-alone, corporate, or market risk? Be sure to defend your reasoning.
- c) What do you feel is the **impact** of the risk with regard to the company's external environment (i.e., economic trends, regulatory landscape, and competition), as well as its internal environment (i.e., people, process, and infrastructure)?
- d) To what extent do you feel this risk can be effectively **balanced** with return? Be sure to justify your reasoning.

IV. Risk Management Strategies

- a) What risk management **technique** do you feel would be most appropriately employed to minimize or mitigate the effect(s) of this risk? Why?
- b) Similarly, what strategies might you suggest for **maximizing** return in the face of this identified risk? Why?
- c) What recommendations would you make in terms of determining the **effectiveness** of these risk/return management measures over time? Be sure to justify your recommendations.

Rubric

Guidelines for Submission: Your paper must be submitted as a 5- to 6-page Microsoft Word document with double spacing, 12-point Times New Roman font, one-inch margins, and at least 3 sources cited in APA format.

Critical Elements	Proficient (100%)	Needs Improvement (75%)	Not Evident (0%)	Value
Risk Analysis: Specific Risk	Reasonably characterizes risk associated with the company, its product(s), and its industry	Characterizes risk associated with the company, its product(s), and its industry, but response is cursory, illogical, or inaccurate	Does not characterize risk associated with the company, its product(s), and its industry	13
Risk Analysis: Type	Classifies type of risk and defends reasoning	Classifies type of risk, but response is illogical, inaccurate, or weakly defended	Does not classify type of risk	13
Risk Analysis: Impact	Analyzes the impact of the identified risk	Analyzes the impact of the identified risk, but response is cursory or illogical	Does not analyze the impact of the identified risk	13
Risk Analysis: Balance	Assesses the extent to which the risk can be effectively balanced with return and justifies reasoning	Assesses the extent to which the risk can be effectively balanced with return, but response or reasoning is cursory or illogical	Does not assess the extent to which the risk can be effectively balanced with return	13
Risk Management Strategies: Technique	Recommends risk management technique for most appropriately minimizing or mitigating the effect(s) of identified risk and explains why	Recommends risk management technique for minimizing or mitigating the effect(s) of identified risk, but recommendation or reasoning is cursory or illogical	Does not recommend risk management technique for minimizing or mitigating the effect(s) of identified risk	13
Risk Management Strategies: Maximizing	Suggests strategies for maximizing return in the face of the identified risk and explains why	Suggests strategies for maximizing return in the face of the identified risk, but suggestion or reasoning is cursory or illogical	Does not suggest strategies for maximizing return in the face of the identified risk	13
Risk Management Strategies: Effectiveness	Makes appropriate recommendations for determining effectiveness of risk/return management measures over time	Makes recommendations for determining effectiveness of risk/return management measures over time, but recommendations are cursory or illogical	Does not make recommendations for determining effectiveness of risk/return management measures over time	13

Articulation of Response	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has multiple errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	9
Earned Total				100%